



Jim Doyle  
Governor

A Newsletter of the  
Accounting Examining Board

July, 2006

## THE ACCOUNTING EXAMINING BOARD

### Accounting Examining Board Members

Darin Bielecki (Madison)  
Karen Bindl, Vice Chair (Sun Prairie)  
Karla Blair (Appleton)  
Steve Corbeille (Marinette)  
Tom Kilkenny, Chair (Milwaukee)  
Lucretia Mattson, Secretary (Eau Claire)  
Kim Tredinnick (DeForest)

### Administrative Staff:

Kim Nania, Division Administrator  
Tim Wellnitz, Bureau Director  
Vacant, Legal Counsel

### Executive Staff

Celia Jackson, Secretary  
Barbara Wyatt Sibley, Deputy Secretary  
Larry Martin, Executive Assistant

### NEW SECRETARY – CELIA JACKSON

In April, 2005, Governor Doyle appointed Celia Jackson as Secretary of the Department of Regulation and Licensing. Some of her many accomplishments include:

- Served as the Senior Policy Advisor for Pax Christi USA since 2004 and with the Archdiocese of Milwaukee as the Archbishop's Delegate for Community Services from 1999 to 2004
- Served as Assistant Dean of the Marquette University Law School and worked as an Assistant District Attorney in Milwaukee
- Founded her own law firm specializing in real estate, civil litigation, criminal and corporate law

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### NEW BUREAU DIRECTOR – TIM WELLNITZ

In August, 2005, Tim Wellnitz was appointed to the position of Director of the Bureau of Business & Design Professions at the Department of Regulation and Licensing.

Mr. Wellnitz previously served as an Agency Liaison in Governor Doyle's Office. In that capacity Mr. Wellnitz served as the Governor's liaison to several state agencies and advised the Governor on policy matters. Mr. Wellnitz is also a licensed attorney.

### 2006 Accounting Examining Board Meeting Schedule

Thursday January 26, 2006  
Thursday May 4, 2006  
Thursday July 20, 2006  
Thursday October 5, 2006

All Board meetings are held at the Department of Regulation & Licensing, 1400 East Washington Ave, Madison, WI and begin at 9:00am. Dates and times are subject to change.

## **New Legislation Allows Practice Privileges in Wisconsin by Out of State CPAs**

On March 27, 2006, Governor Doyle signed into law Senate Bill 484. The bill (Wisconsin Act 214) was published on April 10, 2006. Effective immediately, an individual who has a current CPA license from a “substantially equivalent” state may practice temporarily in Wisconsin without a Wisconsin CPA license. Individuals that have their primary office location in Wisconsin or who are a resident of Wisconsin are not allowed to practice under this new privilege; these individuals must obtain a Wisconsin license. Forty-five states are currently considered to be substantially equivalent to Wisconsin.

This legislation was introduced by the Accounting Examining Board, and was supported by the Board as well as the Wisconsin Institute of CPAs. The legislation was modeled after the Uniform Accountancy Act, a model bill that the states are encouraged to adopt to provide more uniformity of accounting laws among the various states. Wisconsin became the 28<sup>th</sup> state to allow practice privileges without the need to get a full license in the state.

The idea behind this provision of the Uniform Accountancy Act is to make the system of state issued CPA licenses similar to the state issued driver license system. For example, if an Illinois licensed driver wants to drive in Wisconsin, Wisconsin does not require that the individual obtain a Wisconsin drivers license. However, if that individual moves to Wisconsin, then the individual must obtain a Wisconsin license in order to have driving privileges. Prior to April 2006, if an Illinois CPA wanted to conduct an audit in Wisconsin, that individual needed to have a Wisconsin CPA license in most circumstances. The process for a CPA from another state to obtain their Wisconsin CPA license typically takes several months. Among other things, the applicant must provide an official college transcript, their home state must verify certain information, and the applicant needs to take and pass our ethics exam. Now this individual would not have to go through this process. If the individual from

Illinois qualifies under this new practice privilege, the Illinois CPA could perform the audit in Wisconsin with only his or her Illinois CPA license.

A state is deemed “substantially equivalent” if the state’s requirements to obtain a CPA license are consistent with the Uniform Accountancy Act. The key requirements are that the individual must (1) pass the CPA exam, (2) have at least one year experience, and (3) have at least 150 college credit hours. Wisconsin is a substantially equivalent state. At this time, only five states (Colorado, Delaware, Florida, New Hampshire and Vermont) as well as Puerto Rico and the Virgin Islands are not considered to be substantially equivalent. A CPA with a license from one of these locations may not practice under this new practice privilege statute.

Unlike some states, Wisconsin does not require the out of state CPA to fill out any forms or to pay a fee for the practice privilege. However, by practicing under this statute, the individual agrees to follow our rules and is subject to discipline if they violate our rules while practicing here. A few of the states that allow practice privileges will not charge a fee to the out of state CPA if that CPA’s home state does not charge their CPAs a fee. The state of Oklahoma is one such example. Because Wisconsin does not charge a fee to an Oklahoma CPA for a practice privilege, Oklahoma will not charge a fee to a Wisconsin CPA that wants to practice there temporarily. Prior to the new Wisconsin law, the Wisconsin CPA would have needed to pay a fee of \$59 to Oklahoma for the right to provide CPA services in Oklahoma.

Because Wisconsin is a “substantially equivalent” state, there are a number of states (currently 28) that will allow a Wisconsin CPA to practice in their state without the need to obtain a full license from the other state. Some of these states, such as Ohio and Virginia, do not require any notification. Other states require some form of notification and possibly that a fee be paid in order to practice in the other state with only your Wisconsin CPA license. It is a good idea to check the web site of the accounting board of the state you intend to

practice in to obtain information about the requirements for temporary practice. You can use the following link:

<http://www.nasba.org/nasbaweb.nsf/nqas>, then select “Boards of Accountancy” for a convenient link to each of the state accounting board web sites.

An out of state CPA who intends to practice in Wisconsin under this statute should determine if their services require a firm license. For example, in Wisconsin, a firm or sole practitioner that conducts audits or reviews must have a Wisconsin firm license. If the firm is licensed in Wisconsin, then an individual out of state CPA working for that firm may conduct an audit in Wisconsin under this practice privilege. However, if the firm that the individual works for is not licensed in Wisconsin, then the individual may not conduct an audit in Wisconsin using the practice privilege.

### **Peer Review is Required of Firms Conducting Audits or Reviews**

In order to renew a firm license, a firm that provides or offers to provide attest services must have undergone a peer review through a peer review program approved by the Wisconsin Accounting Examining Board within the three years preceding the application for renewal. The peer review requirement became effective with firm license renewals for the period beginning January 1, 2006. The peer review requirement now also applies to any applications for a new firm license.

Attest services are defined in Section 422.001(1) of the state statutes. Peer review is required if your firm performs engagements under the:

- Statements on Auditing Standards (SASs)
- Reviews Under Statements on Standards for Accounting and Review Services (SSARS)
- Statements on Standards for Attestation Engagements (SSAEs)
- Government Auditing Standards (the Yellow Book) issued by the U.S. General Accounting Office (GAO).

An audit or a review of financial statements is the most common attest service provided by CPAs.

The AICPA peer review program is administered in Wisconsin by the Wisconsin Institute of CPAs. The AICPA program is the only program approved by the Accounting Examining Board.

A firm is defined in Section 422.001(4) as a “sole proprietorship, partnership, limited liability partnership, corporation, service corporation, or limited liability company.” Accordingly, even a sole proprietor who conducts an audit or a review of financial statements is required to obtain a firm license. In summary, if you or your firm conducts any audits or reviews of financial statements or other attest services in Wisconsin in 2006, you or your firm must have a firm license and the firm must have undergone a peer review.

For information and forms on the peer review process in Wisconsin, log in to [www.wicpa.org](http://www.wicpa.org) and select Peer Review in the left column. The site includes Frequently Asked Questions, the AICPA Standards, and information about the process. More information is available at [www.aicpa.org](http://www.aicpa.org) (select Peer Review in the left column).

### **HOW TO OBTAIN A CODE BOOK**

Code books for each profession can be obtained online through the Department’s Website. Code books are available on compact disk or in paper format for a fee. For a full listing, please visit the department’s Website at [drl.wi.gov](http://drl.wi.gov), select “[Code Books and Statutes](#)” and then “[Purchase Code Book](#).” The site contains printable order forms as well as complete instructions for ordering.

### **DID YOU KNOW THAT YOU CAN ACCESS MOST INFORMATION ON THE DEPARTMENT OF REGULATION & LICENSING WEB SITE?**

Visit the Department’s Web site at:

[drl.wi.gov](http://drl.wi.gov)

Send comments to: [web@drl.state.wi.us](mailto:web@drl.state.wi.us)

## TELEPHONE DIRECTORY - QUICK KEYS

To contact the Department, just dial (608) 266-2112, and then enter the Quick Key numbers below for the assistance you need:

To request an application packet:	press 1-1-3
To check the status of a pending application:	press 1 - 2
To discuss application questions:	press 1 - 3
To discuss temporary license questions:	press 1 - 3
To renew or reinstate a permanent license:	press 1 - 4
To renew or reinstate a permanent license:	press 2 - 1
To renew a temporary license:	press 2 - 2
To obtain proof of licensure to another state:	press 3 - 1
To find out if a person is licensed:	press 3 - 2
To file a complaint on a license holder:	press 8
To check the status of complaints:	press 8
For all other licensing questions:	press 1 - 3

## VERIFICATIONS

Verifications are now available online at [www.drl.wi.gov](http://www.drl.wi.gov). On the Department Web site, please click on "License Lookup". If you do not use the online system, all requests for verification of licenses/credentials must be submitted in writing. There is no charge for this service. Requests should be sent to the Department address or may be faxed to (608) 261-7083 - ATTENTION: VERIFICATIONS. Requests for endorsements to other states must be made in writing – please include \$10 payable to the Department.

## CHANGE OF NAME OR ADDRESS?

Please send changes to the Department. Confirmation of changes is not automatically provided. **WIS. STATS. S. 440.11 ALLOWS FOR A \$50 PENALTY TO BE IMPOSED WHEN CHANGES ARE NOT REPORTED WITHIN 30 DAYS.**

## DISCIPLINARY ACTIONS

Disciplinary summaries are taken from orders that can be reviewed on the Dept. of Regulation and Licensing Web site at <http://drl.wi.gov/index.htm>. Select "Discipline/Orders" under Reports of Decisions to view the order, you can either search by name, or use "Reports for the Current Year" or "Prior Years" to access an order. Please note that orders are subject to court review, and discipline may be stayed pending an appeal. The progress of cases in court may be reviewed at [www.courts.state.wi.us](http://www.courts.state.wi.us). Current license status may be verified under "Lookup License Info" on the Department's Website.